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MICRO AND MEDIUM SCALE ENTERPRISES AND COVID-19 PANDEMIC IN NIGERIA: ANALYSIS OF IMPACTS IN LAGOS, NIGERIA

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ABSTRACT

This study examined Micro and Medium Scale Enterprises performance and the Covid-19 Pandemic in Nigeria: Central Bank of Nigeria policy intervention. Survey research design was employed and questionnaire was used as research instrument. Purposive and accidental sampling techniques were used to select two hundred (200) respondents among small scale businesses within Lagos metropolis in Nigeria while one hundred and ninety five (195) copies of the questionnaire were fully completed and returned. Simple percentage was employed to analyze the responses of the questionnaire while Pearson Moment Correlation was used to test the hypotheses formulated. Results show that there are significant effects of high interest rate, capital financing and taxation on SMEs development in Nigeria during the Covid-19 pandemic era. It is therefore recommended that better investment environment through financing, bearable interest on loans and other investment supporting policies should be put in place to make small scale businesses thrive better in Nigeria. Populace must have access to accurate and relevant information in existing media, which should be complemented by radio announcements, posters and leaflets so as to lead to full inclusion of populace in national preparedness, prevention and response measures to the COVID-19 pandemic while businesses go on.

KEY WORD: *Intervention, Capital financing, Pearson Moment Correlation, Response measure*

Introduction

The COVID-19 pandemic, which has already infected almost 7,000,000 people in 148 countries, resulting in more than 65,000 deaths, has the potential to reach a large proportion of the global population. Some estimates suggest that 40-70 per cent of theworld's population could become infected (World Health Organization, 2020). The crisis has already transformed into an economic and labour market shock, impacting not only supply (production of goods and services) but also demand (consumption and investment). Disruptions to production, initially in Asia, have now spread to supply chainsacross the world. All businesses, regardless of size, are facing serious challenges, especiallythose in the aviation, tourism and hospitality industries, with a real threat of significant declinesin revenue, insolvencies and job losses in specific sectors (Akindamola, 2020).

However, the Central Bank of Nigeria has set out a number of measures to tackle the impact of the coronavirus, including establishing a fund to support the country's economy (of 50 billion naira; i.e. EUR 121 million), targeted at households and micro and small enterprises. The interest rate has also been cut, a moratorium has been announced on principal repayments for CBN intervention facilities and tax measures are being taken.Nigeria has a long history of community finance, microfinance, and Small and Medium Enterprises (SME) finance initiatives to provide financial services to the unbanked population in order to sustained and enhance the development of SMEs in Nigeria (Akindamola, 2020).

This is because sustaining business operations will be particularly difficult for Small and Medium Enterprises (SMEs). Following travel bans, borderclosures and quarantine measures, many workers cannot move to their places of work or carryout their jobs, which have knock-on effects on incomes, particularly for informal and casually employedworkers. Consumers in many economies are unable or reluctant to purchase goodsand services (Akindamola, 2020). Given the current environment of uncertainty and fear, enterprises are likely todelay investments, purchases of goods and the hiring of workers.Prospects for the economy and quality of employment are deteriorating rapidly. While updated forecasts vary considerably -- and largely underestimate the situation --they all point to a significant negative impact on the global economy, at least in the first half of2020. These worrisome figures show growing signs of a global economic recession. Swift and coordinated policy responses are needed at national and global level, with strong multilateral leadership, to limit the direct health effects of COVID-19 on workers and their families, while mitigating the indirect economic fallout across the global economy(Oyefara, 2020). Protecting workers and their families from the risk of infection needs to be a toppriority. Demand-side measures to protect those facing income losses because of infection orreduced economic activity are critical to stimulating the economy. Income protection alsomitigates the disincentives against disclosing potential infections, especially amongst low incomeand already disadvantaged groups of workers (Akindamola, 2020).

However, deeper institutional and policy reforms are also required to strengthen demand-led recovery and build resilience through robust and universal social protection systems that can act as automatic economic and social stabilizers in the face of crises. This will also help to rebuild trust in institutions and governments (Oyefara, 2020). The problems of government policies on SMEs in Nigeria have been enduring but most of the reforms have exacerbated some of them. As far back as 1977, the Federal Government in its publication 'Small Scale Industries Credit Scheme' identified the basic problems that affected SMEs to be lack of adequate capital and credit facilities for sustaining their growth and development (Ekpenyong, 2017; Utomi, 2017). Institutional credit was known not to be available to SMEs because they are generally considered high credit risks by financial institutions.

A widespread concern is that banking systems in the region (whichis supposed to be the major financier of SMEs) are not providing enough support to new economic initiatives and in particular to the expansion of SMEs and agriculture sector (Sacerdoti, 2015). It is therefore argued that faster economic growth will not be possible without a deepening of the financial system and in particular, more financial support from the banking sector to the SMEs. It is noted that banks remain highly liquid in many countries and reluctant to expand credit other than to the most credit worthy borrowers which in most cases excludes the SMEs. While Micro Finance Institutions (MFIs) have expanded vigorously in a number of countries, the size of their credit remains limited, so that their support is not on the scale needed for many small projects. Also, the interest rate on micro-credits is very high, due to large administrative costs in relation to their scale of operations.

The development of businesses in Nigeria is a step towards building a vibrant and diversified economy (Mahmoud, 2015). However, the lack of access to credit to start or expand small scale enterprises has often plagued that sector of the economy. Most businesses tend to rely on the personal resources of their owners, and/or loans from friends and relatives to fund the enterprise (Sule, 2016). The expectation has been that, after the initial take off of the small scale enterprises, the business should be able to raise funds from the formal sector especially MFIs or banking industries to expand its operations. This has not been the case for a number of reasons (Sule, 2016; Inang and Ukpong, 2019); (1) The perception of small and medium enterprises as being full of high risks; (ii) Inability of the SMEs to prepare acceptable or viable banking business plans; (iii) Poor record keeping, especially of financial operations which at times make the entrepreneur draw money than expected from the business either for personal or family use; (iv) Discriminatory cultural practices which at times make it impossible or difficult for women to borrow or own assets or land titles; (v) Weak capacity on the part of banks to down-scale their lending to SMEs; and High transaction cost of small and of1en segmented loans.

Other constraints of the small-scale inability to access funds are the general inability on the part of small scale to provide acceptable collateral/securities to back up their loan request. Collateral availability and projected viability are often inter-related. Usually, viability of the project is used as a criterion for granting loans and for encouraging the supervision of projects with viable potentials. Some of the loans granting agencies lack adequate trained personnel to undertake an objective evaluation of loan application and to monitor and supervise project implementation. There is also the misconception on the part of the operators of small-scale enterprises that credit granted constitute their "share of national cake" and therefore, need not be repaid thus, translating into the problem of poor loan recovery (Iniodu, 2019; Iniodu and Udomesiet, 2019). The World Development Report indicated that small-scale business firms obtain only 19 percent of their financing needs as against 44 percent by medium and large scale enterprises from external sources in developing countries (World Bank, 2015). This is an indication that financing SMEs using external sources is still a major problem in Nigeria and other developing countries.

Nigeria is facing the brunt of Coronavirus outbreak as the country is in a partial lock down. This has had a negative impact on businesses. Initial estimates show that the economy will witness sluggish growth in services, manufacturing and agriculture sectors, increase in unemployment, decrease in government revenue, decline in exports and disruption in supply chains. Lockdown across the country is expected to make the situation dire for the estimated 5.2 million enterprises in the country. SMEs may experience supply chain distortions due to irregular supply of raw materials and intermediate goods, revenue loss and shortage of liquidity to continue business operations. “Impact of Covid-19 on SMEs”;an online survey by SMEDAN, was launched on April 3, 2020 until April 14, 2020. Nine hundred & twenty (920) businesses participated in the survey. Results highlight the issues being faced by SMEs during lockdown and its impact on employment and production. SMEs have identified areas for public sector support to sustain their businesses and mitigate the impact of COVID-19.These include SME-specific support measures including financial packages, tax relief, guarantees and grants, relaxation in payments of utility bills, support in paying salaries and easing conditions for loan repayments as well as granting of loans through the central bank of Nigeria to SMEs owners having a bank account.

Alluding to a recent Fin Scope survey conducted by Enhancing Financial Innovation and Access (EFInA) concluded that 74 percent of adults (64 million) have never been banked, and only 15 percent of women currently have bank accounts. While 71 percent of salaried workers have a bank account, 86 percent of rural adults are unbanked. The Government is cognizant of the need to strengthen the financial sector and has developed a comprehensive long-term strategic plan for its development in the Financial System Strategy 2020 ("FSS 2020"). The plan aims to build on the success of the recent banking sector reforms to promote greater stability, depth and diversity of the entire financial system. The draft FSS 2020 was presented at an international conference in June 2007 and approved in September 2007, where all key Government agencies and responsible Parliamentary Committees were represented. Given significant financial sector reforms and private sector innovations, there are encouraging signs that access to finance is poised for growth in Nigeria.It is against this background that the research seeks to investigate effect CBN intervention on the development of small and medium scale enterprises in Lagos-Island Area of Lagos state during Covid-19 pandemic era.

The broad objective is to ascertain Micro and Medium Scale Enterprises performance and Covid-19 Pandemic amidst CBN intervention in Nigeria: The CBN Policy Intervention. The specific objectives are:

i. To examine the effect of interest rate on the small and medium scale business performance in Nigeria during Covid-19 pandemic era
ii. To assess the effect of capital financing on the performance of small and medium scale enterprises in Nigeria during Covid-19 pandemic era
iii. To verify the effect of taxation on small and medium scale businesses in Nigeria during Covid-19 pandemic era
iv. The above subsequently lead to the following hypotheses

Hypothesis 1: There is no significant effect of interest rate on the development of small and medium scale business in Nigeria during Covid-19 pandemic era
Hypothesis II: There is no significant effect of capital financingon the development of small and medium scale business in Nigeria during Covid-19 pandemic era
Hypothesis III: There is no significant effect of taxationon the development of small and medium scale business in Nigeria during Covid-19 pandemic era
Hypothesis IV: There is no significant effect of licensing and registrationon the development of small and medium scale business in Nigeria during Covid-19 pandemic era

CONCEPTUAL AND THEORETICAL ISSUES

Small and Medium Scale Enterprises Performance

According to Watson and Dafna (2018) small and medium scale performance is the achievement of a set of entrepreneurial goals. In addition, Perren (2019) argues small and medium scaleperformance utilizes the available opportunities to grow their business idea. However, small and medium scale performance can be measured subjectively and objectively; absolute performanceis used to measure objective values using quantitative data while subjective values usesqualitative data by asking perceptive views about performance.Entrepreneurial performance can be seen from the level of sales, profitability, rate of return of capital, the rate of turnover and gained market share (Polder, 2010).

Dooley and O'Sullivan (2011) uses 3 indicators for performance measurement of efficiency, growth, and profit, the business performance is the phenomenon of multiple aspects that are difficult to quantify. A variety of the literature shows that both quantitative and qualitative indicators have limitations and are recommended to be used interchangeably. Measuring quantitatively such as ROI, profit, sales, and so on, while the qualitative measurements are often called as performance indicators, performance measurement is by using the approach a certain scale of performance variables such as knowledge and business experience, the ability to offer quality products and services, the capacity to develop new products and processes, the ability to manage and work in groups, labor productivity, and corporate responsibility to the environment, and enterprises financing is also a key to the successful performance through some of the loan supporting programmes.

Bank Loan is the extension of money from a bank to another party with the agreement that the money will be repaid. Nearly all bank loans are made at interest, meaning borrowers pay a certain percentage of the principal amount to the lender as compensation for borrowing. Most loans also have a maturity date, by which time the borrower must have repaid the loan. A bank loan occasionally is called a bank advance (Akabueze, 2012). Bank loan or bank advance the advance of a specified sum of money to an individual or business (the borrower) by a commercial bank, savings bank. etc. (the lender) (Ariyo, 2015). A bank loan is a form of credit which is extended for a specified period of time, usually on fixed-interest terms related to the base rate of interest, with the principal being repaid either on a regular instalment basis or in full on the appointed redemption date (Balunywa, 2018).

Loans typically are secured or unsecured. A secured loan involves pledging an asset (such as a car, boat or house) as collateral for the loan. If the borrower defaults, or doesn't pay back the loan, the lender takes possession of the asset. An unsecured loan option is preferred, but not as common. If the borrower doesn't pay back the unsecured loan, the lender doesn't have the right to take anything in return (Soludo, 2009).
Bank loan contributes to small and medium scale development in several ways. For example, credit is an important link in money transmission; it finances production, consumption, and capital formation, which in turn affect economic activity (Timsina, 2014). Theories and modelling have been advanced in the exploration of the nexus between financial development and small and medium scale development for both developing and developed countries. Some these theories include endogenous growth theory, neo-classical growth model, finance-led growth theory. For the purpose of this paper, we intend reviewing the finance-led growth theory

The finance led growth theory is on the premises that financial sector development is a major stimulus for economic growth. The development of the financial sector will enable citizens and government mobilize needed fund necessary to achieve growth and development. Mohd-Nor (2015) acknowledged importance of well-functioning financial institutions in economic development has been extensively discussed in the literature more than decades ago since earlier works by Bagehot (1873), Schumpeter (1911), Goldsmith (1969), McKinnon (1973) and Shaw (1973) despite contradictory contention from Robinson (1952) and Stern (1989) among others that financial sector development is not a determinant of economic development. Economists opposed to this theory believed that economic development influences financial sector, that is, the rate of economic development determines the level of development that would be achieved in the financial system. However, the bulk of empirical works on finance-growth nexus have upheld the significant impact of financial sector development on growth and development of the economy. (See McKinnon 1973; Shaw 1973; Greenwood & Jovanovic, 1990; Bencivenga& Smith, 1991 and Levine 1997).

Studies have been done on loans credit availability to the foster growth, trade, capital flows and generally the private sectors performance including the small scale businesses. Oluitan (2012) assessed the significance of real bank credit in stimulating real output growth in the case of Nigeria. The study observes that credit Granger causes output. In testing the factors that mobilise credit, it finds that exports in general are negatively related to credit. However, while oil exports are negatively related to credit, non-oil export has positive relationship with credit. Credit is also positively linked to capital inflows and imports. Nwakanma, Nnamdi and Omojefe (2014) evaluated the nature of long-run relationship existing between bank credits to the private sector of Nigeria's economy and the nation's economic growth as well as the directions of prevailing causality between them from period 1981 and 2011. Applying Autoregressive Distributed Lag Bound (ARDL) and Granger Causality techniques, the results indicate significant long-run relationship between the study variables but without significant causality in any direction.

Marshal, Igbanibo and Onyekachi (2015) examined the impact of bank domestic credits on the economic growth of Nigeria using time series Nigerian data for the period 1980-2013. Credit to private sector, credit to government sector and contingent liability were used as proxy for bank domestic credit while gross domestic product represents economic growth. The relative statistics of the estimated model shows that credit to the private sector (CPS) and Credit to the government sector (CGS) positively and significantly correlate with GDP in the short run. The analysis revealed the existence of poor long run relationship between bank domestic credit indicators and gross domestic product in Nigeria.

Akujuobi and Nwezeaku (2015) determined the effect of bank lending activities on economic development in Nigeria, covering the period, 1980-2013. Applying the test for stationarity with the Ordinary Least Square

(OLS), and Co-integration procedures, the results revealed a significant relationship between bank lending activities and economic development in Nigeria. Credit to the general commerce and production sectors were statistically significant as well as met the a priori expectation.

Obamuyi, Edun and Kayode (2011) investigated the effect of bank lending and economic growth on the manufacturing output in Nigeria. Times series data covering a period of 36 years (1973-2009) were employed and tested with the co-integration and vector error correction model (VECM) techniques. The findings of the study show that manufacturing capacity utilization and bank lending rates significantly affect manufacturing output in Nigeria. However, the relationship between manufacturing output and economic growth could not be established in the country.

Akpansung and Babalola (2010) ascertained relationship between banking sector credit and economic growth in Nigeria over the period 1970-2008. The causal links between the pairs of variables of interest were established using Granger causality test while a Two-Stage Least Squares (TSLS) estimation technique was used for the regression models. The results of Granger causality test show evidence of unidirectional causal relationship from GDP to private sector credit (PSC) and from industrial production index (IND) to GDP. Estimated regression models indicate that private sector credit impacts positively on economic growth over the period of coverage in this study. However, lending (interest) rate impedes economic growth.

Aurangzeb (2012) evaluated the contributions of banking sector in economic growth of Pakistan from the period of 1981 to 2010. Regression results indicate that deposits, investments, advances, profitability and interest earnings have significant positive impact on economic growth of Pakistan. The Granger-Causality test confirms the bidirectional causal relationship of deposits, advances and profitability with economic growth. On the other side a unidirectional causal relationship of investments and interest earnings with economic growth runs from investments and interest earnings to economic growth. Applying the identification strategy employed by Driscoll (2004) for the United States, Cappiello, Kaderaja, Sorensen and Protopapa (2010) provided empirical evidence for the existence of a bank lending channel of monetary policy transmission in the euro area. In addition, and in contrast to recent findings for the US, they found that in the euro area changes in the supply of credit, both in terms of volumes and in terms of credit standards applied on loans to enterprises, have significant effect on real economic activity.

Ojeaga, Odejimi, Okhiku and Ojeaga (2014) determined the effect of bank lending on growth in Nigeria using a sample of data from 1989 to 2012. With quantile regression estimation method, it was found that commercial bank lending was having a negative effect on growth while institutions were not sufficiently protecting customers from the negative effect that often arise when banks liquidate. Central bank policies were found to be minimizing bank losses and helping to drive economic growth in general. Timsina (2014) examined the impact of commercial bank credit to the private sector on the economic growth in Nepal from supply side perspectives. The study has applied Johansen co-integration approach and Error Correction Model using the time series data for the period of 1975-2013. The empirical results show that bank credit to the private sector has positive effects on the economic growth in Nepal only in the long run. Nevertheless, in the short run, it has been observed a feedback effect from economic growth to private sector credit.

Emecheta and Ibe (2014) investigated the impact of bank credit on economic growth in Nigeria applying the reduced form of vector autoregressive (VAR) technique using time series data from 1960 to 2011. Current gross domestic product (GDP) is the dependent variable and proxy for economic growth while bank credit to the private sector (CPS) to GDP ratio and broad money (M2) to GDP ratio were proxies for financial indicator and financial depth respectively. A major finding was that there is a significant positive relationship between bank credit to the private sector, broad money and economic growth.

METHODOLOGY

This study employed descriptive survey research design and the target population for this study is expected to cover all small and medium scale entrepreneurs in Lagos Island Area of Lagos state. As such, data from SMEDAN/NBS (2013) revealed that there were 11,663 SMEs in Lagos state. Two hundred (200) enterprises were selected using Krejcie and Morgan (1970) sample size determination table. The study adopts stratified random sampling technique to select owners/managers of these enterprises. The sample was drawn from the selected small and medium scale enterprises with the aid of purposive and accidental sampling technique. The research adopts the use of questionnaire to elicit information from respondents . In the quest to make sure that the questionnaire is reliable, test-retest method was used to determine the reliability of the instrument. In analyzing the responses to the questions in the questionnaires, simple percentages were used. For the testing of the hypotheses formulated Pearson moment correlation coefficient was used in order to determine the significant effect of the independent variable on the dependent variable.

DATA PRESENTATION, ANALYSIS RESULTS AND DISCUSSION

This section is based on the data collected and analyzed, which is in tandem with the objectives and hypotheses. A total of two hundred (200) copies of questionnaire were administered among the respondents while one hundred and ninety five (195) were fully completed and returned.

TABLE 1: Personal Data of Respondents

S/NO	Variable	Category	Frequency	%
1.	Age of Respondents:	21-25 years	63	32.3
		26-30 years	27	13.8
		31-35 years	6	3.1
		36-40 years	99	50.8
		Total	**195**	**100.0**
2	Gender of Respondents:	Male	163	83.6
		Female	32	16.4
		Total	**195**	**100.0**
3.	Educational Qualification of Respondents	OND/NCE	19	9.7
		BSC/HND	48	24.6
		MSC/MBA	122	62.6
		Others	6	3.1
		Total	**195**	**100.0**
4.	Job Level of Respondent	Top	171	87.7
		Middle	19	9.7
		Lower	5	2.6
		Total	**195**	**100.0**

Source: Field Survey, 2020

It was further observed from the above table in question 1 that 32.3% of the respondents were within 21-25 years, 13.8% were within 26-30 years and 3.1% were within 31-35years while 50.8% were within 36-40 years. This implies the respondents were matured to answer the research questions. It was observed from the above table in question 2 that out of the one hundred and ninety five respondents that were administered questionnaires 83.6% were male while 16.4% were female. This implies that more male participated in this study. It was observed from the above table in question 3 that 9.7% of the respondents had OND/NCE as their educational qualification, 24.6% had BSC/HND and 62.6% had MSC/MBA while 3.1% had others. Thus, the respondents were all literate and competent to complete the questionnaire. It was observed from the above table in question 4 that 87.7% of the respondents were top level staff, 9.7% were middle level staff while 2.6% were lower level staff.

Table 2: Is there significant effect of high interest rate on the performance of small and medium scale business in Nigeria during Covid-19 pandemic era?

S/NO	Variable	Category	Frequency	%
1.	High interest rate skyrocket the price of goods and services	strongly agree	82	42.1
		Agree	87	44.6
		Undecided	26	13.3
		Total	**195**	**100.0**
2.	High interest rate affect the consumer purchasing power	strongly agree	75	38.5
		Agree	112	57.4
		Undecided	8	4.1
		Total	**195**	**100.0**
3.	High interest rate reduces the spirit of patronage of locally made products	strongly agree	84	43.1
		Agree	111	56.9
		Total	**195**	**100.0**
4.	High interest rate reduces shareholders return	strongly agree	103	52.8
		Agree	92	47.2
		Total	**195**	**100.0**
5.	High interest rate puts disproportionate pressure on smaller businesses	strongly agree	108	55.4
		Agree	75	38.5
		Undecided	12	6.2
		Total	**195**	**100.0**

Source: Field Survey, 2020

It was observed from the above table in question 1 that 42.1% of the respondents strongly agreed that high interest rate skyrocket the price of goods and services, 44.6% agreed while 13.3% were undecided to the statement.It was further observed from the above table in question 2 that 38.5% of the respondents strongly agreed that high interest rate affect the consumer purchasing power, 57.4% agreed while 4.1% were undecided to the assertion.It was observed from the above table in question 3 that 43.1% of the respondents strongly agreed that high interest rate reduces the spirit of patronage of locally made products while 56.9% agreed to the statement.It was observed from the above table in question 4 that 52.8% of the respondents strongly agreed that high interest rate reduces shareholders return while 47.2% agreed to the assertion.It was observed from the above table in question 5 that 55.4% of the respondents strongly agreed that high interest rate puts disproportionate pressure on smaller businesses, 38.5% agreed while 6.2% were undecided to the assertion.

Table 3: What is the effect of capital financing on the performance of small and medium scale business in Nigeria during Covid-19 pandemic era?

S/NO	Variable	Category	Frequency	%
1.	Capital financing remains a major challenge facing SMEs	strongly agree	108	55.4
		Agree	75	38.5
		Undecided	12	6.2
		Total	**195**	**100.0**
2.		strongly agree	121	62.1

	Finding start-up finance for the business is the biggest hurdle that many entrepreneurs go through	Agree	62	31.8
		Undecided	12	6.2
		Total	**195**	**100.0**
3.	Insufficient finance to sustain business growth is another problem	strongly agree	112	57.4
		Agree	70	35.9
		Undecided	13	6.7
		Total	**195**	**100.0**
4.	A major constraint within the small business enterprise sector is financing	strongly agree	56	28.7
		Agree	126	64.6
		Undecided	13	6.7
		Total	**195**	**100.0**
5	Small enterprise owners cannot easily access finance to expand business	strongly agree	46	23.6
		Agree	110	56.4
		Undecided	27	13.8
		Disagree	12	6.2
		Total	**195**	**100.0**

Source: Field Survey, 2020

It was observed from the above table in question 1 that 55.4% of the respondents strongly agreed that capital financing remains a major challenge facing SMEs, 38.5% agreed while 6.2% were undecided to the assertion.It was observed from the above table in question 2 that 62.1% of the respondents strongly agreed that finding start-up finance for the business is the biggest hurdle that many entrepreneurs go through, 31.8% agreed while 6.2% were undecided to the assertion.It was observed from the above table in question 3 that 57.4% of the respondents strongly agreed that insufficient finance to sustain business growth is another problem, 35.9% agreed while 6.7% were undecided to the assertion.It was observed from the above table in question 4 that 28.7% of the respondents strongly agreed that a major constraint within the small business enterprise sector is financing, 64.6% agreed while 6.7% were undecided to the assertion.It was observed from the above table in question 5 that 23.6% of the respondents strongly agreed that small enterprise owners cannot easily access finance to expand business, 56.4% agreed and 13.8% were undecided while 6.2% disagreed to the assertion.

Table 4: What is the impact of taxation on small and medium scale business in Nigeria during Covid-19 pandemic era?

S/NO	Variable	Category	Frequency	%
1.	Consumption tax hinders entrepreneurial development in Nigeria	Strongly agree	73	37.4
		Agree	83	42.6
		Undecided	27	13.8
		Disagree	6	3.1

		Strongly disagree	6	3.1
		Total	**195**	**100.0**
2.	Travellers' luggage duty serve as a challenge to entrepreneurial development in Nigeria	Strongly agree	104	53.3
		Agree	58	29.7
		Undecided	33	16.9
		Total	**195**	**100.0**
3.	Excise duty levied on petrol, diesel and LPG impinge on entrepreneurial development in Nigeria	Strongly agree	80	41.0
		Agree	94	48.2
		Undecided	21	10.8
		Total	**195**	**100.0**
4.	Value added tax affect negatively the performance of business enterprise	Strongly agree	110	56.4
		Agree	78	40.0
		Undecided	7	3.6
		Total	**195**	**100.0**
5.	Withholding tax hinder on organizational performance	strongly agree	78	40.0
		Agree	99	50.8
		Undecided	6	3.1
		Disagree	12	6.2
		Total	**195**	**100.0**

Source: Field Survey, 2020

It was observed from the above table in question 1 that 37.4% of the respondents strongly agreed that consumption tax hinders entrepreneurial development in Nigeria, 42.6% agreed, 13.8% were undecided, 3.1% disagreed while 3.1% also strongly disagreed to the assertion.It was observed from the above table in question 2 that 53.3% of the respondents strongly agreed that Travellers' luggage duty serve as a challenge to entrepreneurial development in Nigeria, 29.7% agreed while 16.9% were undecided to the assertion.It was observed from the above table in question 3 that 41% of the respondents strongly agreed that excise duty levied on petrol, diesel and LPG impinge on entrepreneurial development in Nigeria, 48.2% agreed while 10.8% were undecided to the assertion.It was observed from the above table in question 4 that 56.4% of the respondents strongly agreed that Value added tax affect negatively the performance of business enterprise, 40% agreed while 3.8% were undecided to the assertion.It was observed from the above table in question 5 that 40% of the respondents strongly agreed that withholding tax hinder on organizational performance, 50.8% agreed, 3.1% were undecided while 6.2% disagreed to the assertion.

Test of Hypotheses

1. There is no significant effect of high interest rate on the perforance of small and medium scale business in Nigeria during Covid-19 pandemic era

Correlations

		High interest rate	SMEs development in Nigeria during Covid-19 pandemic era
High interest rate	Pearson Correlation	1	.672**

	Sig. (2-tailed)		.002
	N	195	195
SMEs development in Nigeria during Covid-19 pandemic era	Pearson Correlation	.672**	1
	Sig. (2-tailed)	.002	
	N	195	195

**. Correlation is significant at the 0.05 level (2-tailed).

The interpretation of the hypothesis one tested, evidence from table above shows that there is significant effect of high interest rate on the development of small and medium scale business in Nigeria during Covid-19 pandemic era. This was found out at the significant value of (.002) and Pearson moment correlation value (.672). Hence, the null hypothesis (Ho) was rejected and hence leading to the conclusion that there is significant effect of high interest rate on the development of small and medium scale business in Nigeria during Covid-19 pandemic era.

2: There is no significant effect of capital financing on the development of small and medium scale business in Nigeria during Covid-19 pandemic era

Correlations

		Capital financing	SMEs development in Nigeria during Covid-19 pandemic era
Capital financing	Pearson Correlation	1	-.654**
	Sig. (2-tailed)		.000
	N	195	195
SMEs development in Nigeria during Covid-19 pandemic era	Pearson Correlation	-.654**	1
	Sig. (2-tailed)	.000	
	N	195	195

**. Correlation is significant at the 0.05 level (2-tailed).

Interpretation

The interpretation of the hypothesis two tested, evidence from table above shows that there is significant negative effect of capital financing on the performance of small and medium scale business in Nigeria during Covid-19 pandemic era. This was found out at the significant value of (.000) and Pearson moment correlation value (.654). Hence, the null hypothesis (Ho) was rejected and thereby concludes that there is significant negative effect of capital financing on the development of small and medium scale business in Nigeria during Covid-19 pandemic era.

3: There is no significant effect of taxation on the development of small and medium scale business in Nigeria during Covid-19 pandemic era.

Correlations

		Taxation	SMEs development in Nigeria during Covid-19 pandemic era
Taxation	Pearson Correlation	1	.436**

	Sig. (2-tailed)		.003
	N	195	195
SMEs development in Nigeria during Covid-19 pandemic era	Pearson Correlation	.436**	1
	Sig. (2-tailed)	.003	
	N	195	195

**. Correlation is significant at the 0.05 level (2-tailed).

Interpretation
The interpretation of the hypothesis three tested evidence from table above shows that there is significant negative effect of taxation on the development of small and medium scale business in Nigeria during Covid-19 pandemic era. This was found out at the significant value of (.003) and Pearson moment correlation value (.436). Hence, the null hypothesis (Ho) was rejected and thereby concludes that there is significant negative effect of taxation on the development of small and medium scale business in Nigeria during Covid-19 pandemic era.

On a general discussion, taking a critical look at the results collated from the questionnaire administered to small scale business entrepreneurs within Lagos metropolis, it was observed from the hypothesis one tested that there is significant effect of interest rate on Nigeria economy development. Indeed, this finding can be supported by alluding to the finding of Ocheni (2015) conducted a study on the impact analysis of high interest rate and the performance of small and medium scale enterprises in Nigerian Economy. It was also revealed that there is significant effect of high interest rate on SMEs growth.

Findings from hypothesis two indicated that there is significant effect of capital financing on Nigeria economy development. This agreed with Mungaya, Mbwambo and Tripathi (2012) conducted a study on impact of capital financing on the growth of Small and Medium Enterprises (SMEs) in Shinyanga Municipality. Findings indicate that majority of the respondents perceive the adverse impact of existing capital financing on the growth of SMEs and suggest for reforming the capital financing policies in the Country.

Further finding revealed from hypothesis three that there is significant negative effect of taxation on Nigeria economy development. This is supported by Adebisi and Gbegi (2013) conducted a study on the effect of multiple taxation on the performance of small and medium scale business enterprises in West African Ceramics Ajaokuta, Kogi State. The findings revealed that multiple taxation has negative effect on SMEs' performance and the relationship between SMEs' size and its ability to pay taxes is significant.

Conclusion and policy implications
The COVID-19 pandemic has posed a serious challenge to the world, necessitating countries around the world to adopt stringent measures such as complete or partial lockdowns in order to contain the spread of the disease and this has had adverse implications on national economies and rural livelihoods. The Federal Government of Nigeria (FGN) had to close its land, sea and air borders and implemented a total lockdown in states and cities with very high infection rates across the country. Consequently, state governments have followed suit. These measures have had its toll on individuals, households, micro, small and medium scale enterprises (MSMEs) and large corporations. In order to cushion the effect of the pandemic on the citizens, the federal government had announced a number of responses: N500 billion COVID-19 Crisis Intervention Fund, 50 billion Naira CBN intervention fund for households and MSMEs, 20,000 Naira four months conditional cash transfer to the country's poorest, reduction in price of fertilizers as subsidy to farmers etc. Government involvement means key choices have to be made. The first is the extent to which policy should focus upon lowering business barriers, defined as making it easy for individuals to start and run a business. Even amongst wealthy countries there is currently a wide variation in, for example, these barriers. A second choice relates to the extent to which public funds should be directed towards the "support" of new

and small firms- where this support is in the form of, for example, the provision of subsidized business advice, or access to finance. A third choice is the extent to which other key policy decisions in areas such as taxation, welfare payments, immigration, and education take into account their implications for new and small firms.

In view of the findings and conclusion in this study, the following recommendations are suggested:

- It is no news that the COVID-19 pandemic will disrupt the global and Nigerian economy in 2020. However, Nigeria can cushion the impact of the virus by introducing measures to protect companies and their workers, most especially the vulnerable citizens, from the impact of the quarantine measures. Such measures could include: Unemployment benefits, Employment retention, Social assistance benefits and financial support and tax relief
- It is important to build the capacity of frontline workers such as health care staff and other social care workers (such as social workers) to understand the specific needs of the populace so that they deliver appropriate protection to the populace both in short- and long-term periods of the pandemic. For instance, the use of any social media/telephone services around psycho-social support and different needs is important.
- The government must ensure the equitable distribution of health care and other material support such as food, soap and water. Besides, community engagement is vital to increase access to information about control measures, address stigma surrounding COVID-19 and comply with the control measures.
- Populace must have access to accurate and relevant information in appropriate languages. This should be complemented by radio announcements, posters and leaflets in the languages used by refugees such as French, Arabic and Swahili. This leads to the full inclusion of populace in national preparedness, prevention and response measures to the COVID-19 pandemic.

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